

Aegon Alfa Total Return Investment Fund R series

GENERAL INFORMATION

Fund Manager:	AEGON Hungary Fund Manager Ltd.
Custodian:	Unicredit Bank Hungary Zrt.
Main distributor:	AEGON Hungary Fund Manager Ltd.
Benchmark composition:	100% RMAX Index
ISIN code:	HU0000712286
Start:	07/16/2013
Currency:	HUF
Total Net Asset Value of the whole Fund:	71,312,838,227 HUF
Net Asset Value of R series:	2,353,580,783 HUF
Net Asset Value per unit:	1.261109 HUF

INVESTMENT POLICY OF THE FUND:

The aim of the fund is to achieve a substantial yield for investors by taking high risks and making active use of derivative positions. The fund is decidedly high-risk, particularly due to the derivative positions it takes. The fund is willing to buy or sell all available investment instruments - domestic and foreign bonds, equities and other securities, indexes and currencies - provided it sees the opportunity to make substantial gains. In this respect the fund belongs in the category of opportunistic funds that pursue a multi-strategy investment approach. Within the multi-strategy approach pursued by the fund, 'global macro', 'long-short equity', 'convertible bond arbitrage' and 'managed futures'-type transactions dominate. In terms of asset class, the fund's investments can be divided into three main groups: it takes on extra risk in the bond, currency and equity markets, and in these markets it is prepared to take up both long and short positions within the maximum limits permitted by law, which currently allow double leverage for funds of this type. In its investment decision-making mechanism the fund assesses fundamental, pricing, technical and behavioural/psychological factors. The fund management company, exercising all due care, based on its own judgement and decisions, and while observing the relevant legal provisions and the limitations stipulated in the Fund Documentation, determines the means of utilising the fund's resources, and the weights of the various investments within the portfolio, with a view to ensuring that the fund - in line with our expectations with regard to future risks and returns - achieves its objective in the long term. To ensure liquidity the fund aims to hold government securities issued by the State Debt Management Centre (ÁKK) on behalf of the State of Hungary.

DISTRIBUTORS

Raiffeisen Bank Zrt.

NET YIELD PERFORMANCE OF THE SERIES:

Interval	Yield of note	Benchmark yield
From start	6.93 %	2.41 %
2016	4.71 %	1.22 %
2015	4.90 %	1.50 %
2014	7.56 %	3.31 %

NET PERFORMANCE OF THE SERIES

NET ASSET VALUE PER SHARE, 01/01/2016 - 12/31/2016



— Aegon Alfa Total Return Investment Fund R series — Benchmark

Past performance is no guarantee of future results. This report should not be considered as an offer or investment advisory. The Fund Prospectus contains the detailed conditions of the investment. The distribution costs of the fund purchase can be found at the distributors.

MARKET SUMMARY:

Positive mood continued in the markets in December since main equity indices soared without exception during the last month of the year. Apart from the supportive technical picture and improving global growth, record inflow into equities in the US, weakening euro and lower weight in equity positions before the Italian referendum in Europe and declining yen and favorable macro data in Japan helped the markets. There were several interesting actions from central banks in December as both ECB and FED made important decisions in their monetary policy. The European Central Bank extended its QE bond purchases program until next December. However, it reduced its monthly purchases from 80 billion to 60 billion. Investors closed their euro long positions because the announcement differed from the previously expected market consensus. Weaker euro had a positive effect on the European markets. The FED raised its key interest rate by 25 bps to 0,75% which were in line with expectations but Yellen indicated a more hawkish view on the anticipated pace of monetary tightening. As a result, increasing dollar power was a determinant market factor during the month. The strength of dollar fueled fears in emerging markets where market participants worry about a prospective currency crisis. Also, rising US yield put high pressure on emerging countries that have huge amounts of dollar-denominated debt. While Italian Prime Minister Renzi resigned after losing the referendum. Oil prices jumped to their year-to-date highs in December thanks to the positive market environment. Additional production cut and closing of short positions supported the strengthening of the commodity. Industrial and precious metals did not perform well during the month as strong dollar had a detrimental effect on their prices. The fund increased its equity weight at the beginning of the month, thus achieved profit from the general equity market rally in the last month of the year. Equity exposure was raised through European financials and Russian stocks positions. In addition, the fund opened EURHUF short in the middle of the month and German bund short.

ASSET ALLOCATION OF THE FUND ON 12/31/2016

Asset type	Weight
Government bonds	33.21 %
Corporate bonds	21.93 %
International equities	14.94 %
T-bills	9.78 %
Collective securities	7.37 %
Hungarian equities	5.79 %
Mortgage debentures	0.22 %
Current account	7.60 %
Liabilities	-0.90 %
Deposit	0.38 %
Receivables	0.09 %
Market value of open derivative positions	-0.41 %
total	100,00 %
Derivative products	49.83 %
Net corrected leverage	102.11 %

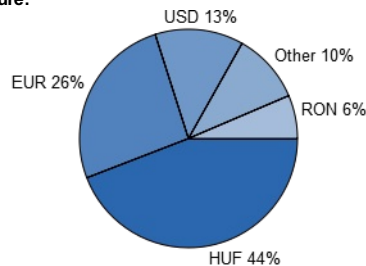
TOP 3 POSITIONS

2017C (Államadósság Kezelő Központ Zrt.)
MFB 2020/10 6,25% USD (Magyar Fejlesztési Bank Zrt.)
Fondul RO

Assets with over 10% weight

There is no such instrument in the portfolio

Currency exposure:



RISK INDICATORS FOR THE LAST 12 MONTHS:

Annualized standard deviation of the fund's weekly yields: 1.82 %
Annualized standard deviation of the benchmark's weekly yields: 0.29 %

INVESTMENT HORIZON:

Suggested minimum investment period:



Risk and Reward Profile:

